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0000094769

ARIZONA CORPORATION COMMISSION

March 23, 2008

ORIGINAL

Mr. Timothy Sabo
Roshka, DeWulf and Patten, PLC
One Arizona Center
400 East Van Buren Street
Phoenix, Arizona 85004

RE: VALENCIA WATER COMPANY - TOWN DIVISION (DOCKET NO. W-01212A-09-0082)

Letter of Deficiency

Dear Mr. Sabo:

The rate application received from the parties listed above on February 20, 2009, has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103.

The deficiencies are listed on the attachment. The 30-day sufficiency determination period will begin again when the applicants have corrected the deficiencies and Docket Control receives an original and sixteen copies of the corrected pages.

You have 15 calendar days, or until April 7, 2009, to correct the deficiencies or make other arrangements with Staff to remedy the deficiencies. If the corrections or other arrangements are not made by April 7, 2009, Staff will request the docket numbers be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and sixteen copies of an updated application at a later date.

Arizona Corporation Commission
DOCKETED

MAR 23 2009

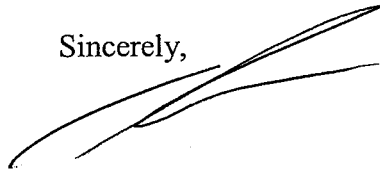
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Mr. Timothy Sabo
March 23, 2009
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The Staff person assigned to your application is Linda Jaress. She can be reached at (602) 542-0859, or toll free at (800) 222-7000, if you have any questions or concerns.

Sincerely,



Elijah Abinah
Assistant Director/Acting Chief Accountant
Financial & Regulatory Analysis Section
Utilities Division

EOA:LAJ:lhbm

Enclosure

cc: Docket Control Center (sixteen copies)
Lyn Farmer, Hearing Division
Delbert Smith, Engineering
Consumer Services
Legal Division

Global Water - Palo Verde Utilities

1. The bill count does not produce the revenues submitted by the company under present rates on its H-2 schedule. Please correct.
2. Schedule H-2 actual flat rate revenue in the amount of \$6,233,189 (i.e. \$6,034,727 + \$198,462) does not agree to the \$6,605,304 actual flat rate revenues shown on Schedules C-1, E-2, E-6, and amount reported for general ledger.
3. Schedule H-5 only has a bill count for 9 customers. Staff needs the bill count for the remainder of the customers.
4. Schedule H-2 should include the pro-rated bills in the bill count.
5. Schedule H-2, Column M, line 18, the 5.24% variance needs to be adequately reconciled.
6. Schedule C-2, page 10 of 13, the stated depreciation rate multiplied by the stated plant balance is not mathematically correct for some of the plant accounts.
7. The \$400,731 in taxes on C-1, E-2, and E-6 does not agree to the \$448,733 in taxes on Schedule E-8.
8. Schedule E-9 does not discuss income tax treatment-normalization or flow through nor does it discuss the interest rate used to charge interest during construction as required by the administrative code for Schedule E-9.
9. Schedule E-7 should be for sewer only. Information regarding the water company should be removed.

Global Water - Santa Cruz Water Company

1. The bill count does not produce the revenues submitted by the Company under present rates on its H-2 schedule. Please correct.
2. Schedule C-2, page 4 of 13, the annualization adjustment schedule (Column D) is not mathematically correct. Also, Columns F and G, lines 30 and 34 are not mathematically correct.
3. Schedule C-2, page 10 of 13, the stated depreciation rate multiplied by the stated plant balance is not mathematically correct for some of the plant accounts.
4. The \$1,423,560 in taxes on C-1, E-2, and E-6 does not agree to the \$1,417,383 in taxes on Schedule E-8.

5. The operating income of \$2,178,142 on Schedule E-6, line 32 does not agree to the operating income of \$2,184,198 on Schedule C-2, page 1, line 34 and Schedule F-1.
6. Schedule E-9 does not discuss income tax treatment-normalization or flow through nor does it discuss the interest rate used to charge interest during construction as required by the administrative code for Schedule E-9.
7. The average number of customers on Schedule E-7, line 16 (i.e., 15,366) does not agree to the average number of customers on Schedule H-2, p.1 (i.e., 15,371).

Willow Valley Water Company

1. Schedule C-2, page 10 of 13, the stated depreciation rate multiplied by the stated plant balance is not mathematically correct for some of the plant accounts.
2. The -\$17,563 in taxes on C-1, E-2, and E-6 does not agree to the -\$1,866 in taxes on Schedule E-8.
3. The long-term debt on Schedule D-1 of \$227,953 does not agree to the long term debt on Schedule E-1 of \$211,153.
4. Schedule C-2, page 4 of 13, the annualization adjustment schedule (Column D) is not mathematically correct. Also, Columns F and G, lines 30 and 34 are not mathematically correct.
5. The equity for the year 2006 (i.e., \$449,311) on Schedule E-1 does not agree to the equity on Schedule E-4 for the year 2006 ending balance (i.e., \$507,035).
6. Willow Valley has multiple public water systems as defined by ADEQ. , Please provide detailed plant description (inventory) specific to each of the public water systems including, but is not limited to, surface water treatment plants, wells, groundwater treatment equipment (i.e. iron removal, disinfection, etc), storage tanks, booster pumps, pressure tanks, distribution mains, and meters.

Valencia Water Company – Town Division

1. Schedule E-7: Average customer of 5,024 does not agree with Schedule C-2, Page 4, 4,219 because C-2 does not include irrigation. Explain or correct.
2. Bill count revenue on schedule H-2 "Present Rates" (\$2,783,057) does not reconcile to the metered water sales figure (\$2,805,048) on the Company's Income Statement (Schedule C-1), a difference of \$21,991 or 0.79%.

Valencia Water Company – Greater Buckeye Division

1. Valencia – Buckeye has multiple public water systems as defined by ADEQ. Please provide detailed plant description (inventory) specific to each of the public water systems including, but is not limited to, surface water treatment plants, wells, groundwater treatment equipment (i.e. iron removal, disinfection, etc), storage tanks, booster pumps, pressure tanks, distribution mains, and meters.
2. Please explain and verify the correctness of Water Use Data Sheet for PWS Numbers 07-732 May 08
3. Bill count revenue on schedule H-2 “Present Rates” (\$2,783,057) does not reconcile to the metered water sales figure (\$2,805,048) on the Company’s Income Statement (Schedule C-1), a difference of \$21,991 or 0.79%.
4. Schedule E-7: Average customer of 5,024 does not agree with Schedule C-2, Page 4, 4,219.

Water Utility of Greater Tonopah

1. Greater Tonopah has multiple public water systems as defined by ADEQ. , Please provide detailed plant description (inventory) specific to each of the public water systems including, but is not limited to, surface water treatment plants, wells, groundwater treatment equipment (i.e. iron removal, disinfection, etc), storage tanks, booster pumps, pressure tanks, distribution mains, and meters.
2. Please explain and verify the correctness of Water Use Data Sheet for PWS 0807-071 from Sept to Dec 08.
3. Bill count revenue on schedule H-2 “Present Rates” (\$274,591) does not reconcile to the metered water sales figure (\$271,752) on the Company’s Income Statement (Schedule C-1), a difference of \$2,839 or 1.04%.
4. Schedule A-3 Common Equity figure of year end 2006 (\$36,585,445) and year end 2007 (\$63,811,676) does not reconcile with the Comparative Balance sheet (schedule E-1) amount for total member’s equity for 2006 (\$32,088,869) and 2007 (\$33,364,567).

Three Consolidated Companies

1. The Companies should provide adequate detail for Staff to determine what adjustments were made consolidating the schedules.
2. The Company should provide electronic workpapers in sufficient detail for Staff to trace the sources of the numbers included in the consolidated schedules.

All Companies

1. Schedules should be amended or provided showing the calculation of interest synchronization.
2. If the Companies intend to discontinue a current tariff (such as fire sprinkler tariffs), testimony or schedules should be included which identify which tariffs are being discontinued and why they are being discontinued.